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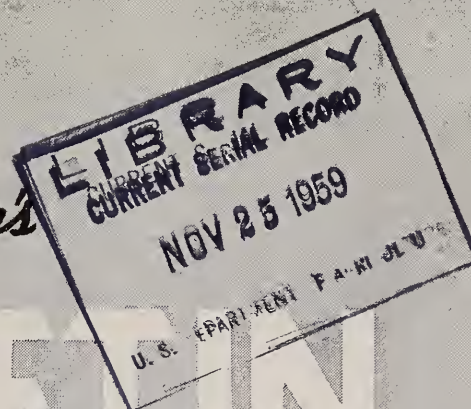
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Reserve **THE***Frank W. Linder*

MARKET ADMINISTRATOR

*Market Administrators***BULLETIN**

Published at 79 East State Street, Columbus 15, Ohio

ISSUED FOR PRODUCERS WHO ARE NOT MEMBERS OF COOPERATIVE ASSOCIATIONS

October, 1959**Vol. 15, No. 10**

Milk Production of Last Three Months Lowest Since 1955

From the middle of 1955 until early 1959 milk production in United States on an annual rate basis was at the highest level on record. It deviated no more than 1 percent from the average for that period. Throughout mid-1955 through 1957, the number of milk cows on farms was declining. But this was offset by an increase in rate per cow and a larger production of milk was attained each year until 1958, when a very slight decline occurred. In early 1958, with heavy liquidation of cows for milking herds, milk output seasonally adjusted dropped to the lowest level since early 1956, but a seasonally adjusted basis total milk production increased in the closing months of 1958 and equaled the record high level obtained in 1957. So far in 1959 and particularly in the last 3 months, total milk production adjusted for seasonal variation has trended downward. The figure for July was the lowest since early 1955. Production in June and July was 2 percent under that of a year earlier. For the 7 months, January-July, 1959, production totaled 76.9 billion pounds, a reduction of about .8 percent from a year earlier.

What are the apparent causes for the recent decline in annual rate of milk production? There are three main possible answers to this question.

First, the decline during the last 3 months particularly may be in part a further readjustment in the seasonal pattern of milk production. This shift in pattern is the result of farmers shifting the freshening dates for their milk cows, and altering their management practices in other ways, to obtain relatively greater output of milk in the fall and early

winter, when prices are more favorable than in other seasons. To the extent that the reduction of milk output in May through July is a reflection of the shift in seasonal pattern, it is to be expected that the annual rate of production of milk in the latter part of this year will tend to be larger than that in the past 3 or 4 months.

Secondly, the decline in annual rate of production in the last few months appears to be related to the dropoff in the rate of increase in milk production per cow. As already shown, the annual average production per cow has been increasing steadily for several years, most of the time offsetting the reduction in number of milk cows. For a time, rate of increase in output per animal was greater in the late fall and winter months than in the spring and summer. Thus, as indicated in the following tabulation, during the last few months of 1958 production of milk per cow in the United States as a whole exceeded that of a year earlier by 6 to 8 percent. By early 1959 this increase dropped to between 5 and 6 percent, then in April and May it ran to 3 and 4 percent. But the surprising

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Price Ratios Less Favorable For Hog and Poultry Producers

Price ratios were less favorable in August this year than last for hog and poultry producers but continued quite favorable for dairymen and cattle feeders. The hog-corn ratio improved from July to August but the average of 12.4 remained much lower than the very favorable ratio in the summer of 1958 and was also below the 1948-57 August average of 13.9. This reflects the much greater drop in hog prices during the past year than the 4 percent decline in the price of corn.

The average cost of poultry ration was slightly lower in August this year than last, but there were even greater reductions in the price of eggs, broilers and chickens. The egg-feed price ratio was 9.1 in August this year compared with 10.8 last year and the 1948-57 average for August of 11.5. Prices of broilers, chickens and turkeys also were well below average in relation to feed costs in August. On the other hand, the milk-feed price ratio of 1.39 was a little higher than last year and above the 10-year average. The price of slaughter steers also has increased during the past year, resulting in a beef steer-corn price ratio of 21.5, a little more favorable than a year ago and well above the 10-year average. The favorable prices of milk and beef cattle relative to feed prices during the past year has been at least partly responsible for the liberal feeding of both dairy and beef cattle.



Columbus

MARKET FACTS FOR EASY REFERENCE

PRICE SUMMARY

Producers' Uniform Price (3.5%)	
Producers' Uniform Price (4%)	
Class I (3.5%)	
Class II (3.5%)	
Class III (3.5%)	
Class IV (3.5%)	
Producer Butterfat Differential for each 1/10%	

Sept. 1959	August 1959	Sept. 1958
\$4.88	\$4.37	\$4.41
5.275	4.75	4.79
4.584	4.479	4.472
4.184	4.079	4.072
3.866	3.753	3.972
3.167	3.054	2.968
7.9¢	7.6¢	7.6¢

UTILIZATION SUMMARY

Percent of Producer Milk in Class I	
" " " B.F. " " I	
" " " Milk " " II	
" " " B.F. " " II	
" " " Milk " " III	
" " " B.F. " " III	
" " " Milk " " IV	
" " " B.F. " " IV	

92.2	85.2	87.8
91.2	83.8	87.4
5.7	9.1	8.8
2.4	2.8	2.6
.8	2.3	1.0
4.0	5.3	3.2
1.3	3.4	2.4
2.4	8.1	6.8

PRODUCTION SUMMARY

Total Pounds of Producer Milk Delivered	
Average Daily Class I Producer Milk	
Total Number of Producers	
Average Daily Production per Producer	
Average Butterfat Test	
Total Value of Producer Milk at Test	
Income per Producer (7 Day Average)	

24,655,540	25,347,579	22,663,422
758,050	696,823	663,497
1,732	1,738	1,768
475	471	427
3.65	3.64	3.71
\$1,147,903.64	\$1,132,414.28	\$1,034,079.10
\$154.64	\$147.13	\$136.47

GROSS CLASS USE (Pounds)

Class I Skim	
" I B.F.	
" I Milk	
" II Skim	
" II B.F.	
" II Milk	

22,182,595	20,834,086	19,207,311
825,698	772,199	735,640
23,008,293	21,606,285	19,942,951
2,152,052	2,346,590	2,056,684
22,114	25,919	21,827
2,174,166	2,372,509	2,078,511

AVERAGE DAILY SALES (Quarts)

Milk	
Buttermilk	
Chocolate	
Skim	
Cream	

302,583	278,263	268,745
6,761	7,436	5,928
22,822	14,454	15,725
11,084	10,097	9,016
8,416	7,553	7,811

COMPARATIVE STATISTICS ★

COLUMBUS MARKETING AREA

★ **Sept., 1950-59**

Year	Receipts from Producers	Average Butter- fat Test	Percentage of Producer Milk in Each Class				Uniform Producer Price (3.5%)	Class prices at 3.5%				Number of Producers	Daily Average Production
			Class I	Class II	Class III	Class IV		Class I	Class II	Class III	Class IV		
1950	17,698,857	4.02	72.0	21.1	6.9	—	4.02	4.177	3.777	3.101	—	2,142	275
1951	16,290,664	4.00	84.9	12.5	2.6	—	4.64	4.696	4.295	3.520	—	2,112	257
1952	17,648,314	3.98	80.3	17.3	2.4	—	5.14	4.23	4.83	3.897	—	2,128	270
1953	20,419,562	3.89	80.1	15.8	4.1	—	4.52	4.649	4.249	3.474	—	2,234	305
1954	21,316,057	3.82	79.5	8.1	7.2	5.2	4.30	4.456	4.056	4.056	3.181	2,166	328
1955	21,917,159	3.77	82.0	8.9	7.0	2.1	4.48	4.55	4.15	4.15	3.195	2,089	350
1956	23,259,478	3.75	80.7	8.9	6.1	4.3	4.43	4.528	4.128	4.128	3.252	2,042	380
1957	23,118,767	3.73	86.0	7.2	3.5	3.3	4.54	4.648	4.248	4.148	3.146	1,885	409
1958	22,663,422	3.71	87.8	8.8	1.0	2.4	4.41	4.472	4.072	3.972	2.968	1,768	427
1959	24,655,540	3.65	92.2	5.7	.8	1.3	4.88	4.584	4.184	3.866	3.167	1,732	475

Stocks of Dairy Products Increased for a Number of Items

With production of milk varying less from springtime peak levels to fall low points, in recent years, there has been less variation in the supply of milk for manufactured dairy products. Commercial production of these items has been in closer balance with consumption in the fall and winter in recent years than they were in earlier years, although changes in this relationship has been complicated to some extent through the fact that sales of price-supported items to CCC have been heaviest in seasons of flush production. In general, the consequence of this has been a tendency toward relatively smaller commercial inventories of several dairy products for

sale in the fall and winter. Stocks of cheese, however, have reached new record high levels, probably due in part to the increased demand for aged cheese especially in recent years. On July 31, 1959, the commercial holding of all varieties of cheese as a group was at an all time record high of 346 million pounds compared with 284 million a year earlier. Holdings of butter by commercial firms at the end of July 1959 totaled 78.9 million pounds compared with 78.3 million a year earlier. Total storage stocks of butter were beginning to decline by early August. With production of butter in recent weeks running 12 percent under a year earlier, withdrawal of but-

ter for commercial uses soon will commence, if it has not already started. Though the storage stocks of butter held by commercial firms are larger than in most other recent years, they are by no means excessive considering fall market prospects. But with cheese, a large proportion of present holdings still could be sold to the Commodity Credit Corporation even after meeting commercial fall and winters demands. For several years evaporated milk stocks have been declining, along with the decline in annual consumption of this product. Stocks of dry whole milk at the end of June 1959 were the lowest in more than a decade.

Butter Production Being Cut Most by Drop in Milk Supply

Consumption of fluid whole milk in 1959 has been running slightly above the total of a year earlier. This has occurred even though the retail price for milk has been fully equal to that of a year earlier, and in some markets slightly higher. Consumer incomes have been increasing steadily for the last 12 months; the total number of persons employed reached a new high point in July 1959. Both of these considerations help to explain the slight increase in total milk consumption. Consumption of skimmed milk products also is increasing substantially this year, but consumption of fluid cream in 1959 is showing a slight further decline, as it has for several years past. In total, however, the milk equivalent of

fluid milk product consumption so far in 1959 has exceeded that of a year earlier. With the slight decline in total milk production on farms, in particular in the last 2 or 3 months, a substantially reduced quantity has been available for the production of manufactured dairy products.

As has been the case over time, for a given change in the supply of milk, butter this year has made the biggest adjustment in output of any manufactured dairy product. In the first half of 1959, butter production by creameries in the United States was down 5 percent from a year earlier. Output of nonfat dry milk was down 1 percent. Dry whole milk production in the same period

dropped 3 percent owing to lower demand for this product from foreign countries. Production of American cheese, an item purchased along with butter and nonfat dry milk under the price support program, declined 2 percent during the first 6 months of this year. Production of other cheese was greater, however, and the combined use of milk in cheese output was down 1 percent from the first 6 months of 1958. During the first 6 months of this year evaporated milk production was equal to that of a year earlier, and ice cream output exceeded that of a year earlier by 6 percent. Increased ice cream consumption reflects improved consumer demand and, in a number of localities, substantial retail price reductions.

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THE Market Administrator's BULLETIN

Sept.
1959

Market Quotations

12 MIDWEST CONDENSERIES 3.5% per Cwt.	\$3.015
5 CONDENSERIES (Cincinnati) 3.5% per Cwt.	2.905 Est.
5 CONDENSERIES (North Central Ohio) 3.5% per Cwt.	2.950
2 CONDENSERIES (Toledo) 3.5% per Cwt.	2.888
4 CONDENSERIES (Tri-State) 3.5% per Cwt.	3.014
Evaporated Milk Code Price, 3.5% per Cwt.	2.941
Skim Milk Powder-Butter Price, 3.5% per Cwt. (Cincinnati)	3.2185
Skim Milk Powder-Butter Price, 3.5% per Cwt. (Columbus)	3.217
Skim Milk Powder-Butter Price, 3.5% per Cwt. (Dayton)	3.241
Skim Milk Powder-Butter Price, 3.5% per Cwt. (Toledo-Tri-State)	3.115
Average Weekly Cheddars price per lb.31692
Average price per lb. non-fat dry milk solids, roller process delivered Chicago13894
Average price per lb. 92-score butter at Chicago (Equivalent Price)6273
Average carlot prices non-fat dry milk solids, roller and spray process, f.o.b. manufacturing plant1289

quite unfavorable for milk production this summer, although pasture conditions are rated nearly average for the country as a whole for this time of year.

A third factor that might be of some importance in explaining the slight downturn in milk production during the last 2 months is the sustained high price for beef cattle compared with milk prices. The relationship of milk prices to beef cattle prices reached the high point in this beef-cattle cycle in the early part of 1957, and with few interruptions has been trending downward since that time. But adjustments to this factor would be in the form of decreases in the number of herds engaged in the production of milk and to some extent in restriction of herd size. The fact that the number of milk cows declined only 2.4 percent in the last 12 months com-

pared with 3.4 percent in the preceding 12 months suggests that this factor is of less importance now than it was a year ago. Therefore, it does not seem that this factor is of significance in explaining the dropoff in output within the last 3 months.

With conditions for producing milk as favorable as a year earlier the rest of this year, it may well develop that milk output in the closing months of 1959 will exceed some of the months of 1958. This increase would tend to cut down on the deficit of 600 million pounds which occurred in the first 7 months of 1959. Production of milk for the years as a whole, therefore, may well be nearer the 125.2 billion pounds produced in 1958 than would be indicated by a comparison of the data for the first 7 months of the 2 years.

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development is that during the last 2 months, July and August, average production per cow exceeded that of a year earlier by only 1 percent. It has been five years since the midsummer or fall increase was that small. In 1954, in fact, 2 months of the year had a smaller production per cow than a year earlier; but this was followed by larger output per animal that fall and the following spring.

Usually, when the milking herds of the country are culled closely, as in the past 2 to 3 years, average production per animal tends to increase faster than it does when a more normal rate of culling is underway. There is no particular reason to believe that the ceiling for increasing production per cow is anywhere near at hand. In fact, data for some of the States and for some other countries of the world indicate that the production per cow probably will continue upward with no diminution in rate for many years in the future. The dropoff in rate of increase per cow in the last few months apparently is related in some degree to the fact that pastures this year have been considerably less favorable for milk production than they were a year earlier. In fact, in some important dairy States of the Northwest and North Central States pasture conditions have been

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